

DIRECTORATE OF INTELLIGENCE

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INTERNATIONAL OIL: Meaningful negotiati	ons <u>between</u>	
the oil companies and OPEC appear possib	le.	
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*INTERNATIONAL OIL: Representatives of Western oil companies and those of the Organization of Petroleum Exporting Countries (OPEC) are now engaged in preliminary skirmishing that could lead to meaningful negotiations.

A two-man team representing Western oil companies discussed OPEC's demands for increased oil revenues last Tuesday with a committee composed of representatives of Iran, Iraq, and Saudi Arabia, acting only for Persian Gulf members of OPEC.

Moderate Persian Gulf members had declared that they would be forced to associate themselves with the demands of the more radical states, if the companies stick to their position of dealing with OPEC as a whole. The general meeting of OPEC scheduled for 23 January has been postponed at least until Monday, pending the results of today's meeting.

Libya and Algeria may be waiting for the outcome of the OPEC meeting before making their next move. Prior to the postponement of that meeting Libya had given Occidental and Bunker Hunt oil companies until Sunday to reconsider their association with the industry's united front. Bilateral negotiations between France and Algeria have resumed at a low key, apparently also pending developments in the OPEC discussions.

Reaction in the Communist world has been largely limited to the usual Soviet propaganda statements about Western exploitation of the oil-producing countries.

*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Defense Intelligence Agency, Department of Defense.

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